

## Gaztenpresa Fundazioa –Laboral Kutxa Social Commitment Programme

**Category of Good Practice:** Partnership between public, private and social sectors

### Good Practice's title

Intra-entrepreneurship and win-win alliance models  
as part of long-lasting public, private and social partnerships

### Main objective

Gaztenpresa arose as an initiative as a result of some of the workers, who are also partners of Laboral Kutxa. They identified the need to support youth employment in their spheres of actions, and for this reason decided to embark on this project. They sought out alliances to optimise the existing resources on hand at the participating organisations in favour of society as a whole (creation of stable employment through self-employment programmes), through long-lasting relationships.

Gaztenpresa put into service a programme dealing with people who needed assistance to improve their life projects through self-employment schemes (via customised accompaniment to assess their ideas, design a business plan, provide access to financing and consolidate the project through a mentoring service).

The Gaztenpresa Foundation coordinates the alliance between Laboral Kutxa (cooperative regional bank), Lanbide (Basque Regional Government. Dpt. of Employment and Social Policies) and Bultz-Lan Consulting (whose property is 95% of Cáritas Bizkaia and 5% of Laboral Kutxa).

### Key words:

MFI, partnership, banks, equity, sharing facilities, microcredit.

**Type of organization:** Foundation

**Country:** Spain

**Year of inception of the good practice:** 2002

**Services and products provided:** Gaztenpresa programme for microcredits, coaching and advising to micro-entrepreneurs

**Portfolio (€):** 28,675,000 by December 31, 2015 Outstanding - 7,395,000 disbursed in 2015.

**Avg loan size (€):** 27,000 €

**# of clients:** 1,397 active by December 31, 2015 - 274 new clients in 2015.

**Website:** <http://www.gaztenpresa.org/es/>

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### Institutional profile

Created in 2002, Gaztenpresa Foundation is a Non-Profit Private Entity, part of the LABORAL Kutxa's social commitment programme, and its purpose is to support initiatives and implement actions that facilitate creating and safeguarding self-employment. LABORAL Kutxa is a cooperative regional bank, part of Mondragon group, and located mostly in Basque Country and Navarre, in Spain. Deeply rooted in its DNA, is its aim to create wealth and employment with a cooperative approach whenever possible.

### **Mission of the organization**

To support the development of self-employment, mainly amongst young people. In line with the underlying philosophy of LABORAL Kutxa, the Gaztenpresa Foundation gives twofold support - both technical and financial - to people who are unemployed, at risk of losing their jobs, at risk of being socially excluded or otherwise at a disadvantage, should they need to secure a traditional loan.

### **Governance structure**

Although Gaztenpresa belongs to a Financial Institution, it is nonetheless an Intervention Foundation. In its governing body there are 8 people from Laboral Kutxa who are trustees in a personal capacity and a representative of the Mondragon Corporation. There are an additional 30 volunteers at each level of the organigram. Only senior management posts in the Foundation are remunerated and outsourced. All of the remaining services are subcontracted.

## **Good Practice**

### **Introduction**

The Gaztenpresa employment programme began in 1994 between a group of shareholders from the financial institution in a wholly independent and voluntary manner. The financial institution allowed them to undertake this project. Following its success in the initial years, an intermediate figure was created in 2002 - the Gaztenpresa Foundation - which acts as a Joint Venture between the Financial Institution (Private Sector), taking on the role of promoting the initiative, a Consultancy Firm (belonging to Caritas - social sector) and the Basque Employment Service - Lanbide (Public Sector). The common ground between all of these is on the one hand, the aim they pursue, and on the other, the values of each one of the organisations.

The Public Sector covers part of the running costs of the Foundation. The Private Sector promotes volunteering amongst worker partners and grants loans to entrepreneurs. The consultant provides a 360 degree accompaniment service to the entrepreneurs.

### **Target group and accessibility**

Gaztenpresa is geared towards people with a good business idea who wish to create or develop an activity and become self-employed, and thus require accompaniment (whether they are currently clients of the Financial Institution or not). The location of the business must be in the Basque Country or Navarre. The service is accessed, either through the Financial Institution's branches, the Basque Employment Service, our web or visiting our offices.

### **Innovativeness**

Trustworthiness on the part of all three allies is vital. For this reason, the Foundation's management is entrusted with the role of monitoring the success of this process. Each body obtains the following:

- The Financial Institution expands the service it offers to its clients who wish to start up a business and do not know how to. Furthermore, they have the chance to promote volunteering amongst its staff and clients, whilst sending out a social message. The financial institution provides training in management techniques to the Social Entity. Bad debt in loans is far below the average for the sector.

- The Public Sector: Manages to achieve a drastic reduction in the amount of public money spent on each person. Furthermore, every person entering into gainful employment no longer receives government support, and as a result, contribute towards paying taxes.
- The Social Entity: Receives financing for the entrepreneurs, who also learn to manage themselves professionally.
- Gaztenpresa has, at hand, a fund to endorse the operations it wishes to participate in that do not fulfil the terms of the previous sections.

### Relevance given the context

This alliance brings with it benefits, such as the participation in the EASI programmes. Furthermore, it allows for this financing to reach people who otherwise would not be eligible for it.

### Adaptability to other contexts

The Gaztenpresa is only offered in the Basque Country and Navarre. Support is provided in the 250 branches that the financial institution has in this region. The Consultancy Firm has three offices in each Provincial Capital and draws on the local knowledge of the offices to give an improved services regarding local areas.

At the present time, a replica of the same model is being sought for other areas in Spain.

### Efficiency

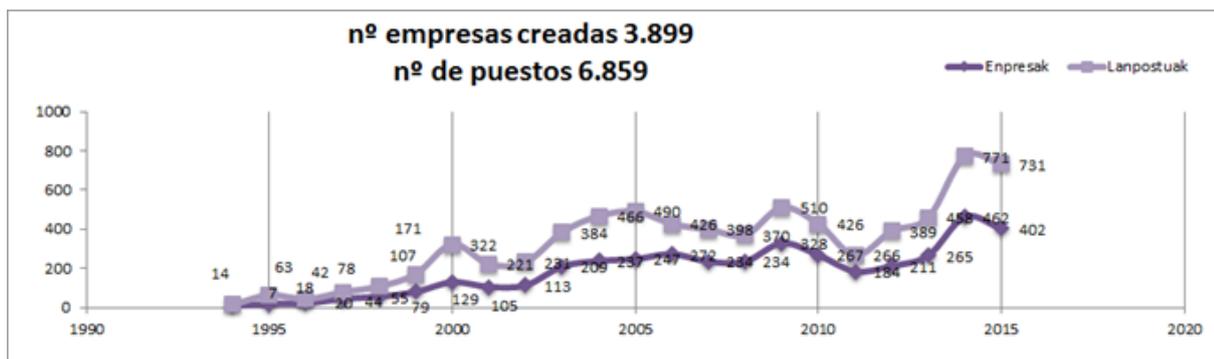
Below are some of the most relevant figures:

#### 2015 Data

Full cost - Total annual budget	935,000 €	Direct cost of service provision	484,000 €
Requests - clients asking for advice	1.930	Full cost / clients requesting advice	484 €
No. of projects	879		
New businesses -- jobs created	402 -- 731	Cost of service provided / job created	662 €

### Outcomes

The programme began in 1994 and the Foundation began in 2002. In 21 years 3,899 microbusinesses have received financial and technical support, helping to promote 6,859 new jobs.



## Sustainability

The current model is balanced in the contribution of funds, with 70% corresponding to the private sector (intended to cover structural and advertising costs) and the other 30% coming from public funds last year, which cover the services provided to entrepreneurs. The organigram of the Foundation is composed of volunteers from within the Financial Institution.

**In practice:** Here is a practical example of how this successful partnership works from an operational viewpoint:

- Both the offices of Laboral Kutxa, as well as those of Lanbide and Bultz-Lan identify entrepreneurs.
- These are sent to the Gaztenpresa Foundation to be added to their databases.
- Gaztenpresa preselects the requests in consultation with the Laboral Kutxa branches to discuss the idea and the requesting party's candidature, then classifying these into regions and passing them to the corresponding Bultz-Lan offices.
- The Coaches evaluate feasibility, both for the person who wishes to start a business, as well as the product or service to be offered, along with the markets, location, financial needs and capacity.
  - If there is a balance with the previous points valued, progress is made with the entrepreneur towards the founding of the company and the right amount of support is given, depending on the case (not everyone has the same level of professional maturity or business analysis capability). The cost of any professional training will be borne by the Foundation.
  - If there is no balance and feasibility is doubtful, we work together on how to reach an agreement.
- If a loan is needed, a report is sent along with the financial requirements to the closest Laboral Kutxa office where the business will be set up, to act as a mediator between the two parties. If the financial risk is too high, though the business plan seems viable, it is endorsed by the Foundation itself. Should no loan be needed, an account is opened in the Laboral Kutxa office to be linked with the business venture.
- Once they have become our clients, Laboral Kutxa's branches have specialist Small Business Managers who work with the entrepreneurs and monitor their progress. Should any anomaly be discovered, they call the Foundation to arrange a meeting.
- Furthermore, there are professional training workshops available, both for the creation as well as the furthering of business ventures, along with a mentoring programme in which those entrepreneurs who so wish to may take part.

## Further reading

<http://www.gaztenpresa.org/wp-content/uploads/2015/05/ENG.pdf>

<http://www.emprendizajelaboralkutxa.com/>